

The date of delivery of qualifying graphic arts machinery and equipment will determine if a purchase qualifies under the reinstated graphics arts machinery and equipment exemption. See 86 Ill. Adm. Code 130.325. (This is a GIL.)

May 26, 2005

Dear Xxxxx:

This letter is in response to your letter dated December 22, 2004, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at [www.ILTAX.com](http://www.ILTAX.com) to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

We are a graphic arts manufacturer as defined in the North American Industry Classification System. The Press will be used only to produce graphic arts products for our customers. On July 28<sup>th</sup> 2003 we ordered a new 8 unit press to be sent to our new facility which was being built in CITY, Illinois. ABC produced a press and stored it at their expense in a warehouse in STATE until our facility in CITY, Illinois was built. On February 16, 2004 the press arrived at our new facility to be assembled and tested prior to contract expectance. Once assembled we had nothing but trouble with this press, attached is a copy of the letter sent on August 19, 2004 by our Chief Executive Officer giving ABC 60 days to correct the problems or remove the press. Due to the fact that the press was not working right we lost customers wasted paper and lost valuable time for our press crews working on testing the press. Enclosed is a copy of the email to ABC on October 14, 2004 from our Maintenance engineer acknowledging that the problems were still not fixed along with the name of their Engineer who was sent here to fix the press prior to it being in working order. On October 29, 2004 is a copy of a letter sent from ABC's National Service Manager showing that they were still working on the press problems and the testing phase went well into November 2004. It is because of the excessive problems with this press, that it was not up to proper working condition, until December 2004. We were ready to have it removed on several occasions. According to our research, the graphic arts exemption was reinstated September 1, 2004. We believe that, even though the press was delivered before this date, we had

not purchased it until December 2004 when the excessive problems were solved. The Printing Industry Association (PIA) told us that, because the press was not put on our books or excepted [sic] until December due to the many problems with it, a sale was not finalized until December 2004. I hope this information and documentation is helpful in your decision-making.

**DEPARTMENT'S RESPONSE:**

As you are aware, beginning on September 1, 2004, the Retailers' Occupation Tax does not apply to the sale of machinery and equipment, including repair and replacement parts, both new and used and including that manufactured on special order to be used primarily in graphic arts production. See 86 Ill. Adm. Code 130.325(a). The date of delivery of qualifying graphic arts machinery and equipment will determine if a purchase qualifies under the reinstated graphics arts machinery and equipment exemption.

Additional information may be found on the Department's internet website under the heading of "Legal Research." For example, you may wish to refer to "Sunshine Letter" ST-05-0018-GIL, which discusses this exemption and the date of delivery of qualifying graphic arts machinery and equipment.

I hope this information is helpful. If you require additional information, please visit our website at [www.ILTAX.com](http://www.ILTAX.com) or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Edwin E. Boggess  
Associate Counsel

EEB:msk